

FISCAL NOTE

SB 4021 - HB 3959

February 14, 2008

SUMMARY OF BILL: Enacts the "Competitive Cable and Video Services Act." Defines multiple terms related to the regulation of cable television services and cable television service providers; creates the Tennessee Cable and Video Service Authority (TCVSA), consisting of fifteen members, for the purpose of developing state cable and video franchise agreements, conducting periodic reviews of agreements, and making changes necessary to ensure the continued efficacy of agreements; establishes responsibilities and powers granted to the TCVSA; authorizes the Tennessee Regulatory Authority (TRA) as the state cable and video franchising authority in Tennessee; establishes responsibilities and powers granted to TRA; establishes a non-refundable franchise application fee for a state franchise not to exceed \$10,000 per application; establishes a non-refundable fee not to exceed \$5,000 for any amendment to or alteration of a franchise agreement or the franchise area; establishes civil penalties not to exceed \$10,000 per day for violation of any franchise agreement; requires franchise fees be based on a percentage of the franchisee's gross revenues; creates the TCVSA Operational Fund for the deposit of all fees to be used for paying expenses of TRA and TCVSA; requires annual reporting by TRA, in conjunction with TCVSA; authorizes incumbent cable service providers to maintain existing franchise agreements with local governments or municipalities if desired; state franchises issued shall supersede any authority and approval required by a local franchising authority; requires state franchise applicants to submit deployment plans for services within 120 days of TRA's decision to grant a statewide franchise, with several exceptions; establishes multiple provisions related to public, educational, and governmental (PEG) access channels; authorizes municipalities or counties to conduct regular audits to determine accuracy of franchise fees remitted by a state franchisee and may refer any findings of improper franchise fee payments to TRA for proper remedy, including potential imposition of penalties; terminates the existence of the TCVSA on June 30, 2011, unless its existence is otherwise continued by the General Assembly.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Up to \$200,000/FY08-09

Up to \$20,000/FY09-10 and thereafter

Increase State Expenditures - \$13,500

Other Fiscal Impact – Additional changes to local government revenues of unknown amounts. Any such changes could result

SB 4021 - HB 3959

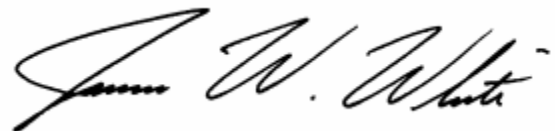
from changes in property tax revenues and franchise fees. However, these changes are dependent upon multiple unknown factors and cannot be measured or reasonably quantified.

Assumptions:

- According to the Secretary of State, this bill will not impact departmental revenue or expenditures.
- Twenty statewide franchise applicants in FY08-09.
- The increase to state revenue in FY08-09 derived from statewide franchise application fees is estimated to be an amount up to \$200,000 (20 applicants x \$10,000 application fee = \$200,000).
- The increase to state revenue in FY09-10, and in subsequent fiscal years, derived from statewide franchise application fees is estimated to be not significant.
- An average of two statewide franchise amendments per year beginning in FY09-10.
- The increase to state revenue derived from statewide franchise amendment fees is estimated to be an amount up to \$10,000 per year beginning in FY09-10.
- One violation for one day of a statewide franchise agreement per year beginning in FY09-10.
- The increase to state revenue from resulting fines is estimated to be \$10,000 per year beginning in FY09-10.
- Expenses for each TCVSA member to attend one meeting for one day is estimated to be \$225 (travel, hotel, per diem).
- Four TCVSA meetings per year.
- The increase to state expenditures is estimated to be \$22,500 (\$225 x 15 members x 4 meetings = \$13,500) per year.
- Additional expenditures to TRA are estimated to be not significant and will be offset by additional revenue to the authority from receipt of monies collected for franchise application fees, fines assessed for violations of a statewide franchise agreements, franchisee fees, etc.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc